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FARM BUSINESS ANALYSIS, GUIDELINES FOR A SUGGESTED PROGRAM IN FARM MANAGEMENT.

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THE PURPOSE OF THIS GUIDE IS TO ASSIST STATE LEADERS AND TEACHERS IN PLANNING AND CONDUCTING FARM MANAGEMENT PROGRAMS WITH EMPHASIS ON FARM BUSINESS ANALYSIS. DEVELOPED BY NATIONAL AGRICULTURAL EDUCATION SPECIALISTS, THE OBJECTIVES OF THIS FARM BUSINESS ANALYSIS PROGRAM INCLUDE--(1) EFFICIENT USE OF FARM RECORDS, (2) USE OF GOOD MANAGEMENT AS A RESOURCE, (3) DECISION MAKING BASED ON RECORD ANALYSIS, (4) FARM BUSINESS REORGANIZATION BASED ON RECORD ANALYSIS, AND (5) COLLECTION OF USEFUL DATA. INTERESTED FARM COUPLES KEEP RECORDS, STUDY THEIR ANALYSIS, AND ARE ENCOURAGED TO BASE BUSINESS DECISIONS UPON RECORD ANALYSIS IN A YEAR-LONG SERIES OF MEETINGS. STATE LEVEL PROCEDURAL STEPS FOR PROGRAM DEVELOPMENT AND SOURCES OF TEACHING AIDS ARE INCLUDED. THE RELATIONSHIP OF THE PROGRAM TO OTHER ADULT FARMER INSTRUCTION AND HIGH SCHOOL CLASSES IS EMPHASIZED. REQUIREMENTS FOR TEACHER EDUCATION AND STEPS FOR LAUNCHING LOCAL PROGRAMS ARE OUTLINED. TOPICS FOR 13 MEETINGS ARE GIVEN. THIS DOCUMENT IS AVAILABLE AS FS 5.281--81010 FROM THE SUPERINTENDENT OF DOCUMENTS, U.S. GOVERNMENT PRINTING OFFICE, WASHINGTON, D.C. 20402, FOR $0.20. (JM)

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FARM BUSINESS ANALYSIS

Guidelines for a Suggested Program
in
Farm Management

U.S. DEPARTMENT OF
HEALTH, EDUCATION, AND WELFARE
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Office of Education
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F O R E W O R D

This publication, designed for persons who have responsibilities for the administration and operation of vocational agriculture programs, is intended primarily as a guide to aid supervisors, teacher trainers, and teachers of vocational agriculture in planning and conducting more effective farm management programs. Emphasis is given to those practices and procedures considered essential in providing the type of instruction needed by present-day farmers.

Harold F. Duis and other agricultural education specialists in the Office of Education developed this study. Acknowledgment is also made of the contributions of State staffs in agricultural education.

Walter M. Arnold
Assistant Commissioner
for Vocational and
Technical Education

I. Modern Farming: A Business Enterprise

The United States has the world's most efficient agriculture. It is the mainstay of the free nations and a tremendous force for peace. Nowhere else in the world can such agricultural abundance be matched.

Progress in agricultural efficiency is shown in data from the United States Census of Agriculture:

Progress in agricultural efficiency

Year	Number of people supplied by a farmer
1820	4.1
1920	8.3
1940	10.7
1950	14.6
1960	26.3

During the 100 years from 1820 to 1920 there was a rate of increase of four persons. During the last 10 years there was a greater increase than in the preceding 130 years and the present rate of increase is 1 person per year.

However, there is a wide variation in production as presented by gross sales by farmers in the United States as table indicates.

Number and percent of commercial farms, by gross sales per farm

Value of farm products sold	Number	Percent
$40,000 and over	101,975	4
20,000 to $39,999	209,906	9
10,000 to 19,999	481,879	20
5,000 to 9,999	652,901	27
2,500 to 4,999	616,890	26
Less than $2,500	348,582	14

Source: 1959 Census of Agriculture

Approximately two-thirds of the Nation's farmers had gross sales of less than $10,000 with resultant net incomes of $3,000 or less. Considering in addition to the commercial farms the farms

classified as part-time and part-retirement, 60 percent of all farms had sales of less than $5,000. The 40 percent with sales of $5,000 or more account for 87 percent of sales of farm products. Even farmers with adequate gross income face large economic problems in operating their farms efficiently. Operations of farms often have economic problems that are relatively greater.

In the past the farmer relied mainly on a high rate of productivity for success. His major resource was labor, and he relied little on capital for his production. How to use this labor most effectively for more production was his main concern.

No longer is high production alone necessarily the most profitable. Emphasis today is not to make two blades of grass grow where one grew before, but to increase the output per man through more efficiency. Between 1940 and 1962, capital requirements on the average farm increased sevenfold, from $6,000 to $47,000. 1/

Capital is the number one farm resource and accounts for 70 percent of total inputs, while labor represents only 30 percent. The result is that farms today depend more for profits on efficient management of large capital outlays and expenditures than on labor. Stated another way, 70 cents of each dollar of gross farm income goes for costs. This means that, in order to net $3,000, a farmer must gross at least $10,000. The controlling of costs in a large measure determines net farm profits. Profits are the wages of good management and measure the success of good management. The profit motive has become as important in farming as in any other business. If the family farm is to continue to exist and farming remain in the hands of farmers, then the family farm must be operated by an extraordinarily competent manager.

American agriculture is undergoing rapid adjustments as a result of recent and drastic economic and technological developments. Farming takes on more and more aspects of a business rather than a way of life. It is necessary for the farm operator to make more business decisions. Correct decisions result in profits and wrong decisions lead to losses. Accurate decisions must be based on reliable information. In making managerial decisions, the farmer's own farm records are the best source of information.

1/ Fact Book of U.S. Agriculture 1963, U.S. Department of Agriculture, Office of Information, Washington, D.C.

Farm records have become a basic management tool of farming. Still, many farmers keep a record only for income tax purposes and know little about their business except the number of dollars in the bank. They are not aware of the financial success or failure of a particular enterprise. They do not use records to steer them toward more profitable operations. However, farm records, if accurate and complete, provide positive and specific information to guide the farmer in making changes to enhance his farm as a business enterprise.

There is need for an improved adult farmer education program which reflects the adjustments in farming that are occurring across the agrarian front. Commercial family farms are becoming fewer, but they are characterized by larger output, higher capital investment, and a higher level of technology in application of methods. A different type of farmer is needed for tomorrow's agriculture, one who has the ability to withstand considerable financial risk and who is a highly competent manager.

The successful farmer of tomorrow needs assistance not only in production but, of equal importance, in managing his economic problems. His future welfare is not so much dependent on the amount he produces as it is on quality and cost per unit of what he produces. A cow producing 12,000 lbs. of milk is not profitable if the milk costs more to produce than the sale value of the product. Neither will $16 hogs be profitable if $12 worth of feed is consumed to produce a hundred pounds of pork. An instructional program to be effective for tomorrow must originate with economic decisions of the farmer. The emphasis in teaching must be on "what and why." A shift to the farm business analysis approach in teaching vocational agriculture is essential and one which will make a great contribution to agriculture in the years ahead.

II. Farm Business Analysis

What It Is

The Fundamental Aspect of farm management education is that of realizing that the farmer is constantly managing since he is constantly making decisions. All farmers are managers, although some manage poorly and some effectively. Variations in farm management competency are evidenced by the sharp variations in incomes of farmers operating adjacent farms under almost identical conditions.

Below is an example of the variations in labor earnings of four families operating farms similar in size who had enrolled in a Farm Record and Analysis Program for a 3-year period.

Labor earnings, by year, of selected farmers in a farm management group

Family	1961	1962	1963
A	$2,929	$4,611	$10,109
B	2,723	3,753	6,622
C	2,556	2,796	3,754
D	-137	-582	1,608

Management is the art of selecting the correct alternative at the right time; it involves the process of making decisions. The ability to make the right decisions results in maximum returns from the resources available.

The usual method of teaching farm management has in the past been to teach economic principles in the hope that this knowledge, when applied, would result in increased income. The effectiveness of this method of instruction is difficult to evaluate and has had limited results.

The farm business analysis approach in teaching farm management starts with the farmer's own economic situation, as determined by his own farm records because only through adequate records can he really know his business.

The farmer's records then become his basic farm management tool. An analysis of the farmer's records becomes the vehicle through which the teacher helps the farmer make proper decisions.

Each decision is made on the basis of how it will affect his income, taking into consideration the economic principles which apply to the particular situation. Management skills are emphasized along with correct operative skills. The farm business analysis approach permits maximum use of the problem-solving method of teaching farm operators.

Objectives

Objectives of a farm business analysis program include the following:

1. To stress the importance of complete and accurate farm records as a basic management tool.

2. To emphasize management as a resource in the farm business.

3. To assist farmers in making decisions through the use of accurate records.

4. To assist farmers in reorganizing their farm business for more profit based on analysis of records.

5. To provide useful data for others interested in agricultural facts.

As a by-product of the farm business analysis program, useful data are provided the teacher of vocational agriculture for inclusion in his agricultural courses.

Methodology

Interested farmers and their wives would meet on a year-round basis to pursue a definite study of farm management as it applies to their own farm. A farm business record book is adopted as the basic tool for learning. This would usually be the record book developed by the Agricultural Economics Department at the Land-Grant College in each State. It should include the following basic records:

Balance sheet - net worth and inventories

Income and expenses

Feed records

Production records

Family living from farm

End-of-year summary

Farm business analysis

Documentary records

Farm records are of little or no value unless they are complete and accurate. Good farm records provide useful information about:

1. Financial situation. A net worth statement and inventories provide a picture of the farmer's present financial status.

2. Financial success. Farm expenses deducted from farm income determine the farmer's labor income.

3. Service use. Records are needed for determining income and social security taxes. Information will also be needed for determining credit needs and for preparing leases.

4. Diagnostic use. Records of the farm business reveal the strong and weak points and serve as a basis for reorganization.

The first year of the farm management education program should be devoted to the following considerations:

1. Analyzing the present situation with net worth statements and inventories.

2. Setting up family goals.

3. Keeping accurate records of the on-going farm and home business.

4. Stock-taking of the present situation and planning a program to improve the business operation.

Before making each decision, the farmer is trained to ask "Will it pay?" Each change or new practice should be adopted only after a determination of the added cost and the added return to be expected. This is a "pencil and paper" procedure referred to as "partial budgeting" and can be applied to any enterprise as well as to the whole farm business. The more complete and accurate the records available on the farm

are, the more accurate are the budget and, in turn, the management decisions. This is the basic philosophy underlying good farm management.

An example of a "partial budget" form to show expected changes follows:

1. Additional receipts	$_____	
2. Reduced costs	$_____	
3. Additional receipts and reduced costs (Total credits)		$_____
4. Additional costs	$_____	
5. Reduced receipts	$_____	
6. Additional costs and reduced receipts (Total debits)		$_____
7. Difference (Change in net income)		$_____

The succeeding years of the program should be concerned with analyzing and interpreting the previous year's records, thereby locating problems in the farmer's own business. A study of these problems provides a basis for reorganization.

Analysis procedures must be established for processing each year's records. With the assistance of the teacher, the farmer is trained to interpret correctly the analysis data of his farm as well as those in the surrounding area. Strengths and weaknesses disclosed on individual farms as well as on a group of farms can become the subject of class and individual instruction. Actual improvements in farm planning should result.

Analysis Procedures

Complete and accurate farm records are of value if they are put to use. If farmers are to progress, they need analysis data of each enterprise and of their total farm business. Only through analyzing his farm records from year to year and comparing his operation with those of other farmers in his own area can the individual farmer

realize his full potential. The summarization and analysis process can be done by the farmer himself, but he can usually afford to pay for this service. A fee is charged in many programs to provide for this type of service. An analysis center may be established in the local or area school by employing the clerical help necessary for performing the calculations. This service may be secured through the College of Agriculture Economics Department or through a commercial center. Electronic computers are being used on a pilot basis in a few States and have much promise. The analysis of farm records must be provided by some means to make a farm management program effective.

Analytical Data Needed

There is considerable variation in analysis data which may be secured from farm records depending on their completeness. Net farm income is one of the most significant measures of return to the operator and his family for their labor, management, and capital. A sample computation of net farm income follows:

Total sales	$22,325
Total purchases	-16,050
Net cash farm income	6,275
Decrease in inventory	-691
Value of living from farm	736
Net farm income	$ 6,320

Beyond this there is hardly any limit to the measurable factors or yardsticks to determine efficiency which may be calculated. Generally, these can be classified into four areas:

1. Size or volume of business: acres, head of livestock, sales, capital, and man work units.

2. Physical productivity: yields per acre and productive livestock unit per 100 acres.

3. Resource efficiency: income per acre, income per man hour, work units per worker.

4. Profit or loss: labor earnings, increase in net worth, return above feed cost, and profit per enterprise.

In addition to labor earnings, the measures of farm organization and management efficiency being analyzed for farmers in one State are:

1. Crop yields.
2. Percent tillable land in high return crops.
3. Return for $100 feed to produce livestock.
4. Productive livestock units per 100 acres.
5. Size of business work units.
6. Work units per worker.
7. Power machinery, equipment, and building expenditure per work unit.

Illustration I gives an example of the type of data provided to cooperating farmers in one school community.

Each State should develop its list of measures in cooperation with the Agricultural Economics Department. The initial list should be relatively simple, with the provision for expansion in succeeding years.

As more programs develop, efforts should be made to unify farm management factors vital to progress in farming in the State or area. Analysis data applicable to larger areas will be more significant and useful.

ILLUSTRATION I

Analysis of a farm business

Comparative factors	Your farm	Average	High Group	Low Group
Acres	160	243	337	216
Crop acres	142	204	295	170
Increase in farm capital	$ 450	$ 3,377	$ 9,017	$ 696
Farm sales	$17,748	$28,686	$37,803	$20,373
Increase in net worth	$ 5,819	$ 3,250	$ 5,421	$ 1,942
Labor earnings	$ 7,276	$ 6,879	$12,783	$ 124
Crop yield index	92	100	103	80
Percent tillable land in high return crops	59	70	71	72
Return for $100 feed	$ 112	$ 100	$ 103	$ 91
Productive livestock units per 100 acres	29	39	37	23
Size of business - work units	375	433	536	327
Work units per worker	375	333	357	297
Power machinery, equipment, expenses work unit	$ 9.74	$ 13.12	$ 15.75	$ 13.86

Farm records over a period of years provide facts about the farm which serve in further planning. Illustration II gives a summary of 3 years of records of a selected farm.

ILLUSTRATION II

3-year comparison - Dairy farm "A"

	1st year	2d year	3d year
Number of cows	24	29.3	31.2
Butterfat per cow, pounds	473	468	458
Price received per pound butterfat	$ .88	$ .89	$ .96
Feed per cow:			
Corn, pounds	1,702	2,024	2,562
Small grain, pounds	1,628	842	121
Total farm grains, pounds	3,330	2,866	2,683
Commercial feed, pounds	929	401	321
Dry roughage, pounds	8,958	9,897	9,520
Silage, pounds	9,250	8,054	9,904
Pasture charge	$ 6.35	$ 2.47	$ 2.31
Total feed cost per cow	$ 213.11	$ 184.31	$ 183.51
Total value produced per cow	$ 408.87	$ 393.19	$ 423.88
Return above feed cost per cow	$ 195.76	$ 208.88	$ 240.36
Feed cost per pound of butterfat	$ .45	$ .39	$ .40
Return over feed costs - herd	$4,698.00	$6,120.00	$7,499.00
Return over all costs per cow	$ 54.00	$ 86.00	$ 117.00
Profit - dairy herd	$1,296.00	$2,520.00	$3,650.00
Operator labor earnings	$2,929.00	$4,511.00	$10,109.00
Return to capital and family labor	$6,906.00	$8,807.00	$14,456.00

III. Organizing for Program Development

State Level Procedural Steps

The State Supervisor of agricultural Education must take the initiative to bring together assistant supervisors, teacher trainers, and agricultural economics personnel. In organizing a farm business analysis program for the State, the following steps are basic:

1. Survey the needs within the State.

2. Develop a tentative program with the aid of supervisors, teacher trainers, agricultural economics personnel, and the State Consulting or Advisory Committee.

3. Review the program with a select group of teachers and work out the procedure to be used.

4. Develop a guide for use by teachers. This should include information for determining the importance of farming to the economy of the community.

5. Adopt a uniform farm account record book.

6. Provide for a system of securing record analysis.

7. Employ specialized personnel or assign definite responsibility to staff members for developing programs.

8. Develop the program through workshops.

9. Make arrangements for publishing the record analysis data on a State basis.

10. Develop a definite plan of followup with the teachers.

Use of Resources

The number one resource available for assistance in a farm business analysis program is people. Every community has access to persons who are willing and interested in the welfare of farmers. These include agricultural educators, college of agriculture personnel, governmental agency representatives, bankers, representatives of agricultural industries, cooperatives, and farm management service workers. The possibility of securing the analysis services through existing farm management organizations should be investigated. In some States cooperative programs may be developed with other agencies. In any case, a close working relationship with other agencies serving farmers is important.

Teaching aids dealing with farm management should be used extensively. Many are already available, but others will need to be developed. The following are suggested as examples:

1. A Course of Study for Adult Farmer Instruction in Farm Management and Farm Business Analysis. Agriculture Bookstore, University of Minnesota, St. Paul, Minn.

2. Teaching Farm Business Analysis in Programs of Vocational Agriculture for Young Farmers in Kansas Communities. State Board for Vocational Education, Topeka, Kan.

3. A Suggested Course of Study in the Farm Business Analysis Approach to Teaching Farm Management. Department of Education, Lincoln, Neb.

4. Analyzing Farm Records To Increase Farm Income. Department of Agricultural Education, University of Kentucky, Lexington, Ky.

The Agricultural Economics Department in each State has a record book and various farm accounting forms. Visual aids, such as charts, filmstrips, and overhead projectors are particularly effective in teaching.

Relation to Other Adult Farmer Instruction

The farm business analysis program should be the core of the adult and young farmer instruction in the vocational agriculture department. If there is only one course for farmers in the school, it should be farm business analysis.

However, out of the farm business analysis program should develop the need for farm enterprise and/or farm mechanics courses, where a specific unit of instruction is given. These unit courses are merely segments of the total farm management program. It should be recognized that farm mechanization is an important consideration in management decisions. It is far more important that the farmer be able to purchase the right machine in the first place than it is that he be able to maintain or repair it.

Relation to the High School Program

The farm business analysis approach is readily adaptable to the high school program. The farm business philosophy applies regardless of the size of the farming program.

Supervised farming program records of high school students can be summarized and analyzed by the same procedure as that followed for adult farmers. For underclassmen the analysis will be concerned with an individual farm enterprise; and, as the student progresses, it may involve the combination of several enterprises or an entire farm. Junior and senior high school students should be encouraged to maintain records on the home farm for analysis purposes as an Improvement Project. Another method is to use one selected farm in the community as a management problem for the entire class. Charts, comparing the farming programs by efficiency factors, may be posted in the classroom. These will serve to motivate students to greater achievement. A study of the analysis data is directly applicable to budgeting and planning students' farming programs. In addition, farm record analysis data provide excellent teaching material for high school classes. Weaknesses in farm operations in the area will point up the need for emphasis in a course of study.

Since an increasing number of vocational agriculture students enter nonfarm agricultural occupations in which training and knowledge of farming is essential, this type of business training takes on greater significance. In fact, surveys of businesses employing farm boys rank high the need for training in business and management. In modernizing courses of study for vocational agriculture, farm business analysis should be given a prominent place.

Teacher Training

In developing a farm business analysis program, the teacher of vocational agriculture needs specific training for this purpose. He must be well grounded in farm management and in methods of teaching this subject. The philosophy must be developed that economic principles can be more effectively applied to farming after the farmer's economic situation is determined. He must understand that farm business analysis is not an additional course in the vocational agriculture curriculum, but rather a different approach to teaching. He must be able to sell the farmer on the fact that he can assist him in organizing a more profitable business. In doing so, he needs to understand the techniques of gaining his confidence and in securing his cooperation. The role of the teacher is somewhat similar to a general practitioner in the medical profession. In working intimately with the farmer, he must have his confidence and must treat the farmer's business in a confidential manner. His function is largely one of teaching the farmer a procedure for diagnosing his strengths and weaknesses rather than being an expert in all subject matter. For the more technical information, the farmer is directed to many sources, such as bulletins, magazines, and experiment stations. Specialists may be called in to assist with certain topics of concern to class members as a group. Special teachers may be employed to teach farm enterprise classes when the regular teacher is not competent or lacks the time necessary for this added instruction.

In the preparation of teachers it is highly desirable that the teacher-training programs include more emphasis in farm management training. Several courses may well be made available at the undergraduate level. To be good teachers of farm management, trainees need an understanding of the principles of economics and procedures by which to apply them to farming. The courses they take in farm management include both the "why" and the "how" with emphasis on practical application, using a minimum of theory. The trainees should have actual experience in the development of a farm business analysis program. They need to have adequate teaching materials and training in the use of materials.

Inservice teacher training is necessary for those teachers of vocational agriculture who did not have the benefit of farm management training at the undergraduate level. The supervisor of agricultural education must determine the needs of teachers for inservice training and plan programs to meet these needs. This may be done through conferences, workshops, short courses, or graduate courses. Teachers

interested in launching a program of farm business analysis should enroll in a class conducted by a person skilled in farm management instruction. The class should develop procedures for organizing and implementing the program. This will include the program of work, course outlines, special forms, the farm record book, and the analysis service. State staff coordination and followup must be given to the teachers throughout the year. In some States it may be desirable to include on the staff a farm management specialist to carry out these functions on a continuing basis. In other States a staff member should be assigned this definite responsibility with assistance secured from available sources.

Launching Programs in Local Communities

The teacher of vocational agriculture must assume responsibility for the program at the local level. Once he has the farm business analysis philosophy, he is ready to organize a program. These steps appear necessary in developing a program:

1. Survey the importance of farming in the community and develop information which may be used to promote the program.

2. Review program with the consulting or advisory committee.

   Develop topics such as:

   (a) Possibilities of increasing farm income with a farm business analysis program

   (b) The need for employing an additional teacher

   (c) Cost of conducting the program

   (d) Possibilities of relieving teacher of some duties for this responsibility

   (e) Use of school facilities

3. Obtain the cooperation of the school administrator and the school board.

4. Make initial contacts with prospective class members during the summer months.

5. Carry out an extensive public relations program to develop community understanding.

6. Make lesson plans and program of work.

7. Arrange to have farm records summarized and analyzed.

8. Select a limited number of farmers to be enrolled in the first class who have a definite interest in farm records.

9. Hold the organizational meeting early in the fall.

10. Provide adequate followup instruction on the farm to maintain interest in the keeping of accurate and complete records.

It is essential that plans be made well in advance so as to begin the class meetings in the fall. Preliminary meetings must be held prior to the beginning of the calendar year, when new farm account records are started. The remainder of the meetings should be scheduled throughout the year and with at least one meeting extending beyond the end of the year for purposes of reviewing the final anslysis reports. However, since the farm business analysis program extends over a period of years, the second-year course is continued without a break in instruction. A typical course outline for the first year is as follows:

FARM MANAGEMENT I

Meetings		Topics or Problems
1	-	Orientation and enrollment - "Why Keep Farm Records?"
2	-	"What Is the Purpose of Depreciation, Inventories, Credit Inventories, and Net Worth Statements?"
3	-	"What Does Your Family Want?" or "Goals for Your Family"
4	-	"How Does Farm Income Vary Among Farms and What Causes the Variation?"
5	-	"How Can a Family Make a Self-Appraisal of Its Own Situation and Hence Measure Its Progress?"

6 - "What Is the Value of Feed Records?"

7 - "What Is the Fertilizer and Cropping Plan of Your Farm and How Is Your Farm Laid Out?"

8 - "What Is the Purpose of the Family Living Records?"

9 - "Why Are the Accurate Crop Yields Important to the Farmer of Today?"

10 - "How Can Income Tax Be Held to a Minimum?"

11 - "How Can Taxable Income Be Estimated Before the End of the Year?"

12 - "What Preparations Are Necessary for the Closing of the Farm Records for the Year?"

13 - Final analysis report and result of the past year.

One of the first topics to be taught deals with the farmer's present financial situation. He must know where he is. A sample farm balance sheet follows:

Sample Farm Balance Sheet

Farm Assets		Farm Liabilities	
Cash - - - - - - - - -	$ 3,000	Owed Bank:	
Securities - - - - -	500	Hogs - - - - - - - - -	$ 1,300
Corn 3,000 bu. @ $1-	3,000	Cattle - - - - - - - -	7,200
Hay 1,500 bales @ 40¢-	600	Feed - - - - - - - - -	250
Straw 500 bales @ 25¢ -	125	Current liabilities- -	8,750
Other feed - - - - - -	300	Real estate mortgage	30,000
100 hogs - - - - - - -	2,700	Total farm liabilities	38,750
60 steers - - - - - -	9,000	Net worth (Equity in farm) -	91,475
Current assets - - - - -	19,225		
Equipment- - - - - - -	15,000		
320 A @ 300 - - - - -	96,000		
Total farm assets- - - -	$130,225		

Since many farmers have not had occasion to prepare a net worth statement, this topic will be most interesting. This activity will provide motivation for other topics to follow. Farmers must, however, know in advance that this data will not become public knowledge.

Individual instruction and followup is an essential part of the program of farm management and must be intensified for a program of farm management. In fact, without adequate on-farm instruction, the program will fail. This apparently is a basic weakness of farm record analysis programs carried on by some teachers and agencies in the past. A minimum of six visits to each farmer enrolled is a desirable standard.

The teacher of vocational agriculture in his unique position in the community is the logical person to accept the task of providing a well-organized farm business analysis program. He knows the farmers and their farms and he has the responsibility to help farmers make sound managerial decisions which will contribute to their success.

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